



MONTANA LEGISLATIVE BRANCH

Legislative Fiscal Division

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Members of the Fifty-sixth Legislature

In accordance with Section 5-12-302, MCA, I submit the Legislative Fiscal Division Budget Analysis Report for the May 2000 Special Session. There are two primary features of this report. The first is a revised general fund balance projection for the 2001 biennium and a projection for the 2003 biennium, to assist legislators in evaluating funds available for fiscal actions in the special session. The second is a summary of fiscal issues included in the session call, particularly the Governor's Economic Development Proposal.

Your staff of the Legislative Fiscal Division look forward to being of service to the legislature during this special session. The names, assignments, and phone extensions of LFD staff are listed in Appendix A to this report. Please feel free to call on us!

Respectfully submitted,

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Legislative Fiscal Analyst

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INTRODUCTION

Background

The 56th Legislature concluded the regular legislative session on April 21, 1999. Among the accomplishments of that session was the approval of a number of budget and legislative initiatives to support economic development activities for Montana. HB 2 appropriated \$2.1 million and other legislation appropriated \$21.8 million for economic development. A major portion of the latter (\$15.5 million) was appropriated in HB 260:

“An act encouraging economic development through investment in research and commercialization projects, establishing a research and commercialization expendable trust fund, establishing a coal producer’s license tax, allocating coal producer’s license tax revenue, providing for a credit against coal severance taxes for coal producer’s license taxes paid, statutorily appropriating coal producer’s license taxes to support research and commercialization centers and to be used as matching funds...”

On January 20, 2000, the Montana Supreme Court issued a decision that invalidated certain sections of HB 260, enacted by the 1999 legislature. The Governor issued a “Call to the 56th Legislature for a Special Session” to be held beginning May 8, 2000, to address this issue and a couple of additional items. The legislature has subsequently expanded the call to include the issue of tax relief.

Purpose of the Report

The purpose of this document is to assist the legislature in its deliberations during this 2000 Special Session. It is designed to provide fiscal information relating directly to the issues raised by the Governor’s call for a special session and issues raised by the legislature’s expansion of that call. This purpose is accomplished through presentations in the following sections:

- General Fund Outlook
 - General Fund 2001 Biennium Outlook
 - Significant Issues Not in Projections
- General Fund 2003 Biennium Outlook
 - Significant Issues Not in Projections
- Beyond the 2003 Biennium
- Session Fiscal Issues
 - Governor’s Economic Development Proposal
 - Fiscal Impact, Court Decision on HB 260
 - Other Fiscal Issues Included in Session Call

This document is intended to briefly overview the status of the general fund account and to outline current and potential future fiscal issues related to the matters listed in the session call. This presentation is purposefully kept simple in structure and content because of the limited time available for its preparation, and to allow for a specific focus on the session issues. If additional detail is desired regarding various revenue sources, agency budgets, and other fiscal information, members are encouraged to refer to the Legislative Fiscal Report – 2001 Biennium (June 1999) prepared following the 1999 session. The fiscal report provides details on appropriations and revenues of state government as determined by the 1999 legislature.

Additional reference material regarding the special session and availability of LFD staff assistance is included as appendices to this report. They include:

- LFD staff assignments/phone numbers (Appendix A)
- Glossary of fiscal terms (Appendix B)
- Terms of the Special Session Call (Appendix C)
- Growth Through Agriculture Grant and Loans (Appendix D)
- Growth Through Agriculture Statute: Grant and Loans Selection Criteria (Appendix E)

